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FISCAL IMPACT STATEMENT

LS 7661

BILL NUMBER: HB 1250

NOTE PREPARED: Apr 6, 2005

BILL AMENDED: Apr 5, 2005

SUBJECT: Redevelopment Authorities.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR: Sen. Weatherwax

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill indicates that certain credits for military bases are available in an economic development area only in the part of the area where the base was located. The bill limits the economic development area to the area covered by the base. The bill allows the same entity to serve as a redevelopment commission and as the redevelopment authority in the county. The bill also provides that a nonprofit economic development corporation may convey its assets and liabilities to the authority. It specifies that the authority may change its name to recognize its countywide jurisdiction. The bill authorizes county commissioners to adopt an ordinance providing that the county redevelopment commission consists of seven (rather than five) members. It also provides that the general redevelopment law applies to an excluded city in Marion County that: (1) adopts an ordinance electing to be governed by that law; and (2) establishes a redevelopment commission.

Effective Date: (Amended) Upon Passage; July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: *Military Base Tax Incentives:* The bill specifies that four military base tax incentives which exist under current statute apply within those parts of an economic development area that comprise the territory of a military base that is scheduled to close or is closed. The military base incentives are as follows:

(1) The Military Base Recovery (Income) Tax Credit for qualified investment expenditures to rehabilitate vacant buildings at a military base recovery site established by the military base redevelopment authority.

(2) The Military Base Investment Cost (Income) Tax Credit for equity investment or debt financing in a business that locates all or part of its operations to a military base recovery site or an economic development area established by the military base redevelopment authority.

(3) A Sales Tax exemption for utility services purchased by a business that relocates or expands all or part of its operations to a facility in a military base recovery site or an economic development area established by the military base redevelopment authority.

(4) A reduction in the state AGI Tax rate from 8.5% to 5% for a corporation that locates all or part of its operations to a military base recovery site or an economic development area established by the military base redevelopment authority.

Explanation of Local Expenditures: (Revised) *Redevelopment Commissions*: The bill would make the following changes:

(1) The bill authorizes Beech Grove, Lawrence, Southport, and Speedway to adopt ordinances establishing their own redevelopment commissions. Currently, the Indianapolis Metropolitan Development Commission (MDC) administers redevelopment in blighted areas, economic development areas, and allocation areas located within these four cities. The bill provides that blighted areas, economic development areas, and allocation areas established by the MDC in a city establishing its own redevelopment commission would continue in full force and effect as if the area had been created by the city's redevelopment commission. The bill also specifies that these areas are subject to the jurisdiction of the city's redevelopment commission and is not subject to the jurisdiction of the MDC.

(2) The bill authorizes a county redevelopment commission other than in Marion County to adopt an ordinance increasing the membership of the commission from 5 members to 7 members. Under current statute, commissioners may be paid a salary or a per diem. In addition, commissioners are entitled to reimbursement for expenses necessarily incurred in the performance of his or her duties.

(3) The bill authorizes a county containing a military base scheduled for closing, or that is closed or partially closed, to provide that the same entity act as the redevelopment commission for the county and the redevelopment authority for the military base. The bill also provides that the county legislative body may by ordinance provide that its redevelopment commission or redevelopment authority operate as an economic development corporation or a separate body corporate and politic that is an instrumentality of the county. It appears this provision will apply only to Miami County and Grissom AFB..

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Miami County; Indianapolis Metropolitan Development Commission; Beech Grove, Lawrence, Southport, and Speedway; county redevelopment commissions.

Information Sources:

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